

1 AN ACT relating to titling of motor vehicles.

2 ***Be it enacted by the General Assembly of the Commonwealth of Kentucky:***

3 ➔Section 1. KRS 186A.005 (Effective January 1, 2024) is amended to read as
4 follows:

5 As used in this chapter:

6 (1) "Approved entity" means:

7 (a) A motor vehicle dealer licensed under KRS Chapter 190 that applies to and is
8 approved by the Transportation Cabinet to facilitate the title application ***or***
9 ***salvage title application*** process through the electronic title application and
10 registration system;

11 (b) A state or federal financial institution chartered under the laws of this state,
12 any other state, or the United States as a bank insured by the Federal Deposit
13 Insurance Corporation (FDIC), bank holding company, trust company, credit
14 union, savings and loan association, or a holding company or service
15 corporation subsidiary thereof, or any agent of any of the entities listed in this
16 paragraph;

17 (c) An owner of a fleet as defined in this section that applies to and is approved
18 by the Transportation Cabinet to facilitate renewal of registration or
19 maintenance of permanent registration under KRS 186A.127 through the
20 electronic title application and registration system; and

21 (d) A retailer of manufactured homes, mobile homes, or recreational vehicles, as
22 defined in KRS 227.550, that applies to and is approved by the Transportation
23 Cabinet to facilitate the title application process through the electronic title
24 application and registration system;

25 (2) "Cabinet" means the Transportation Cabinet;

26 (3) "Electronic title application and registration system" means a system established
27 under KRS 186A.017 by which title applications, ***salvage title applications***, title

1 lien statements, other supporting documents, signatures, and fees are input and
2 transmitted through the title application and registration process in an electronic
3 format;

4 (4) "Fleet" means:

5 (a) A group of at least one hundred fifty (150) U-Drive-It vehicles owned by the
6 holder of a U-Drive-It certificate; or

7 (b) A group of at least ten (10) nonapportioned commercial motor vehicles owned
8 by a company and used for business purposes; and

9 (5) "Title lien statement" means a document, submitted by a secured party or
10 authorized agent, to the cabinet through any county clerk's office in the
11 Commonwealth, to note the security interest on the certificate of title, or to amend
12 or terminate a security interest on the certificate of title.

13 ➔Section 2. KRS 186A.017 (Effective January 1, 2024) is amended to read as
14 follows:

15 (1) The cabinet shall establish an electronic title application and registration system
16 which allows the submission of the required forms and signatures electronically in
17 lieu of the paper ~~title~~ application process for titles and salvage titles.

18 (2) The electronic title application and registration system established under this
19 section shall:

20 (a) Collect all the necessary information required under KRS 186A.060;

21 (b) Collect and electronically transmit all fees imposed under KRS 186.040,
22 186.050, 186.162, and 186A.130, any fees imposed under subsection (6) of
23 this section, and the motor vehicle use tax levied under KRS 138.460;

24 (c) Accept electronic signatures which satisfy the requirements of KRS 369.101
25 to 369.120; and

26 (d) Transmit the information in a secure manner.

27 (3) An approved entity that wishes to use the electronic title application and registration

1 system shall transmit all application documents, required electronic signatures, and
2 fees through the system to the county clerk of the county in which either the
3 purchaser of the vehicle resides or the motor vehicle dealer selling the vehicle is
4 located. **If the electronic title application and registration is operational,** a county
5 clerk who receives an application transmitted through the system shall, by 3 p.m.
6 the next business day, either:

- 7 (a) Accept the application and forward it to the cabinet; or
8 (b) Reject the application and return it to the approved entity.

9 (4) An entity that wishes to become an approved entity for the purposes of this chapter
10 shall submit an application to the cabinet, along with a one hundred fifty dollar
11 (\$150) application fee. If approved, the entity shall pay an annual registration fee to
12 the cabinet. All fees collected under this subsection shall be deposited into the road
13 fund.

14 (5) The cabinet shall enter into contracts with qualified third-party providers to
15 integrate with AVIS and other systems to provide software and programs to
16 approved entities to facilitate electronic vehicle registration, titling, and filing of
17 title lien statements. A third party that contracts with the cabinet under this section
18 may act on behalf of the cabinet and county clerks in receiving, processing, and
19 transmitting to the county clerk title and registration applications, **salvage title**
20 **applications,** title lien statements, and related documents and fees.

21 (6) Any agreement with the cabinet and a third-party provider under subsection (5) of
22 this section shall authorize an online transaction fee to be charged by the third-party
23 provider to an approved entity. A motor vehicle dealer licensed under KRS Chapter
24 190 who uses the electronic title application and registration system to file the
25 documentation necessary to obtain a certificate of title, **salvage title,** or registration
26 for the purchaser of a vehicle shall collect from the purchaser any fees charged for
27 the transaction by the third-party provider. The dealer shall remit fees collected

1 under this subsection to the county clerk through the electronic title application and
2 registration system. Except for salvage title applications, any transaction fee
3 charged under this subsection shall be listed separately on the buyer's order and
4 identified as "online~~[on-line]~~ system filing fee."

5 (7) The cabinet shall promulgate administrative regulations in accordance with KRS
6 Chapter 13A to establish qualifications for approved entities and procedures for the
7 electronic title application and registration system.

8 ➔Section 3. KRS 186A.120 (Effective January 1, 2024) is amended to read as
9 follows:

10 (1) Except for applications for title or salvage title using the electronic title application
11 and registration system established under KRS 186A.017, application for a first
12 certificate of registration or title and plate shall be made by the owner to the county
13 clerk of the county in which the owner resides, except that, if a vehicle is purchased
14 from a dealer other than in the county in which the purchaser for use resides, the
15 purchaser, or the dealer on behalf of the purchaser, may make application for
16 registration to the county clerk in either the county in which the purchaser resides,
17 or in the county in which the dealer's principal place of business is located.

18 (2) (a) When purchaser of a vehicle upon which a lien is to be recorded is a resident
19 of a county other than that of the dealer, the application for registration or title
20 may be made to the county clerk in either county. The lien must be recorded
21 in the county of the purchaser's residence.

22 (b) If vehicle application for registration or title is presented to the county clerk of
23 dealer's location rather than purchaser's residence, the clerk shall process
24 documents in a manner similar to that of any application, with the exception
25 that the AVIS system shall be programmed in a manner that the title shall not
26 be issued from Frankfort until the lien information has been entered by the
27 county clerk of the purchaser's residence.

- 1 (3) (a) A new vehicle, when first registered or titled in this state, shall be registered
2 or titled in the name of the first owner for use rather than in the name of a
3 dealer who held the vehicle for sale.
- 4 (b) Except as otherwise provided in this chapter, a used vehicle not previously
5 registered or titled in this state shall be registered or titled in the name of the
6 first owner for use rather than in the name of a dealer who held the vehicle for
7 resale.
- 8 (4) If the owner of a vehicle required to be registered or titled in this state does not
9 reside in the Commonwealth, the vehicle shall be registered or titled with the
10 county clerk of the county in which the vehicle is principally operated.
- 11 (5) If the owner of a vehicle is other than an individual and resides in the
12 Commonwealth, the vehicle shall be registered or titled with the county clerk in
13 either the county in which the owner resides or in the county in which the vehicle is
14 principally operated.
- 15 ➔Section 4. KRS 186A.125 (Effective January 1, 2024) is amended to read as
16 follows:
- 17 (1) Except as provided in subsection (5) of this section, application for a first certificate
18 of registration, or title, in the name of an owner shall be made on forms prescribed
19 by the Department of Vehicle Regulation consistent with this chapter, which shall
20 be available from any county clerk *or on the Transportation Cabinet's website.*
- 21 (2) Application forms shall be completed, except as to required signatures, by legibly
22 printing in ink, or typing all required information.
- 23 (3) The application, when presented to the county clerk, shall contain all required
24 information and be fully executed with all required supporting documentation and
25 fees.
- 26 (4) The county clerk shall reject any application upon which the information provided
27 is not legibly printed or typed, the required information is not supplied, not

1 accompanied by required supporting documents, not properly executed with
2 signatures when required, or when the clerk determines that the application is
3 improper or that the applicant is not entitled to registration or title of the vehicle for
4 which registration or title is sought, or in the absence of the required fees.

5 (5) This section shall not apply to applications for title or salvage title using the
6 electronic title application and registration system established under KRS
7 186A.017.

8 ➔Section 5. KRS 186A.165 (Effective January 1, 2024) is amended to read as
9 follows:

10 (1) Except as provided in subsections~~[subsection]~~ (4) and (5) of this section, not later
11 than 3 p.m. on the next business day after an application for a certificate of
12 registration,~~[or]~~ title and registration, or salvage title for a vehicle is received, the
13 county clerk shall complete a transmittal record.

14 (2) The clerk shall indicate thereon in the spaces provided, the name of his or her
15 county, the date or time period the transmittal relates to and, in the order they are to
16 be attached to the transmittal record, a notation for each application attached
17 consisting of the applicant's last name and initials or if the applicant is other than an
18 individual, the name commonly used by the applicant and any other information
19 required upon the form as indicated thereon.

20 (3) The clerk shall ensure that the original of all applications noted on the transmittal,
21 together with the original of all required supporting documents are attached to the
22 transmittal record in the order shown thereon, and shall thereafter sign and date the
23 original of the transmittal record as of the date the transmittal is being forwarded to
24 Frankfort.

25 (4) This section shall not apply to applications for title or salvage title using the
26 electronic title application and registration system established under KRS
27 186A.017.

1 **(5) If, at any time, the operational capabilities of AVIS do not allow the electronic**
2 **completion of a transmittal record under subsection (1) of this section, and**
3 **require the clerk to manually copy and input documents into the transmittal**
4 **record, the deadlines outlined in subsection (1) of this section shall not apply.**

5 ➔Section 6. KRS 186A.520 is amended to read as follows:

6 (1) Except as provided in KRS 186A.555, a salvage title shall be obtained by the owner
7 of a motor vehicle that meets the following definition of a salvage vehicle:

8 (a) A vehicle which has been wrecked, destroyed, or damaged, to the extent that
9 the total estimated or actual cost of parts and labor to rebuild or reconstruct
10 the vehicle to its preaccident condition and for legal operation on the roads or
11 highways, not including the cost of parts and labor to reinstall a deployed
12 airbag system, exceeds seventy-five percent (75%) of the retail value of the
13 vehicle, as set forth in a current edition of the National Automobile Dealer's
14 Association price guide.

15 (b) The value of repair parts for purposes of this definition shall be determined by
16 using the current published retail cost of the parts equal in kind and quality to
17 the parts to be replaced or the actual retail cost of the repair parts used in
18 repair.

19 (c) The labor costs of repairs for purposes of this section shall be computed by
20 using the hourly labor rate and time allocations which are reasonable and
21 customary in the automobile repair industry in the community where the
22 repairs are performed.

23 (d) Airbag reinstallation costs which are excluded from the seventy-five percent
24 (75%) computation as set forth in paragraph (a) of this subsection shall be
25 included by an insurer in the computation of the total physical damage
26 estimate according to the terms and conditions of individual policies, provided
27 that the total costs payable by an insurer do not exceed the total retail value of

1 the vehicle.

2 (2) The owner or an authorized agent of a motor vehicle that meets the definition of a
3 salvage vehicle as set forth in subsection (1) of this section shall, within fifteen (15)
4 days from the receipt of all necessary paperwork required by this chapter, submit an
5 application to the county clerk, on a form prescribed by the Department of Vehicle
6 Regulation, for a salvage title, accompanied by a properly endorsed certificate of
7 title and any lien satisfactions, if any appear, as may be required.

8 (3) The county clerk shall retain a copy of each salvage title application received and
9 shall forward the original and its supporting documents to the Department of
10 Vehicle Regulation in a manner similar to that for handling of an application for a
11 title.

12 (4) The county clerk shall rely on the information provided by the owner or authorized
13 agent, including a county of residence designation, on:

14 (a) Any approved, notarized state form utilized in lien titling or the title transfer
15 process signed by the owner or authorized agent; and

16 (b) Any document submitted during the transfer of a salvage vehicle from an
17 owner to an insurer.

18 Reliance on the foregoing by the county clerk shall relieve the office of the county
19 clerk from liability to any third party claiming failure to comply with this section.

20 (5) The Department of Vehicle Regulation shall process the salvage title application in
21 a manner similar to that used in processing a title application and the salvage title
22 shall be delivered in a like manner of a title. Salvage titles shall be construed as
23 proof of ownership of a vehicle in a state as to be unusable upon the highways of
24 the Commonwealth. ~~A vehicle shall not be issued a registration for highway use as
25 long as a salvage title is in force.~~

26 (6) **A vehicle shall not be issued a registration for highway use as long as a salvage**
27 **title is in force.** The only time a vehicle with a salvage title may be operated upon

1 the highways of the Commonwealth is when it is in route to or from an inspection
2 by the certified inspector prior to obtaining a certificate of title after having been
3 rebuilt as per KRS 186.115.

4 (7) Notwithstanding the provisions of KRS 369.103, when a salvage vehicle is
5 transferred from an owner to an insurer, the following shall be exempted from the
6 requirements of notarization, including exemption from the notarization of
7 electronic signature requirements of KRS Chapter 423:

- 8 (a) The transfer of ownership on the certificate of title;
9 (b) Any power of attorney required in connection with the transfer of ownership
10 to the insurer;
11 (c) Any required odometer disclosure statement;
12 (d) The application for a salvage certificate of title; and
13 (e) The transfer of ownership on the salvage certificate of title issued.

14 **(8) Subsections (2) to (5) of this section shall not apply to applications for salvage**
15 **title using the electronic title application and registration system established**
16 **under Section 2 of this Act.**

17 ➔Section 7. 2022 Ky. Acts ch. 18, sec. 19, is amended to read as follows:

18 "Section 19. **Sections 1 to 5 and 12 to 18 of** this Act ~~take~~^{takes} effect January 1,
19 2024, **and Sections 6 to 11 of this Act take effect January 1, 2025.**"

20 ➔Section 8. Section 6 of this Act takes effect January 1, 2024.